

21 MAR 1986
OCA 88-0841

MEMORANDUM FOR: The Director

FROM: John Helgerson
Director of Congressional Affairs

SUBJECT: Breakfast with Senator Bentsen (D., TX)

You will host Senator Bentsen for breakfast at 8:00 on 24 March. Bob Gates, [redacted] and I will join you. This breakfast is at our initiative. Senator Bentsen has served on the Senate Intelligence Committee since 1981.

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Senator Bentsen's staff has discussed this breakfast with him and indicates that he would be interested in the following topics:

Nicaragua--Status of the Resistance. Senator Bentsen would be interested in a general update of the status and prospects for the Resistance. [redacted] As a moderate Democrat, Senator Bentsen's judgment about prospects for Contra aid in light of the Sandinista offensive would be particularly interesting. He is a cosponsor of the new bill to provide \$48 million in aid to the Contras.

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Nicaragua/Honduras-Border Clashes. On a closely related topic, an update on the current status of the Sandinista offensive would be of interest to Senator Bentsen. [redacted]
[redacted] can provide the latest information.

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BIOGRAPHY

Name (including party/state): Lloyd Bentsen (D., TX)

First elected: 1970 Up for re-election: 1988 Winning %: 59

Past service on intelligence committee: Yes: No: X

Current service on intelligence committee: Yes: X No:

Term on intelligence committee expires: 1988

Other committee assignments: Finance (Chairman); Commerce, Science and Transportation; Joint Economic; Joint Taxation (Vice Chairman)

Major legislative interests: Legislation to aid business on trade and tax issues

Key votes: February Vote on Contra Aid--Yes; Cohen-Boren Bill--Yes

Intelligence interests: Mexico; Central America; Third World debt; counterintelligence; petroleum

Visits to CIA facilities: He has visited several of our overseas stations in the Far East and Europe.

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Last contact with DCI/DDCI: No recorded formal contact during last year.

Recent correspondence: 26 Jan. Letter from DCI concerning DCI position on statutory IG.

19 February Bentsen request for information concerning support to the Contras.

Texas - Senior Senator

Lloyd Bentsen (D)

Of Houston — Elected 1970

Born: Feb. 11, 1921, Mission, Texas.
Education: U. of Texas, LL.B. 1942.
Military Career: Army Air Corps, 1942-45, Air Force Reserve, 1950-59.
Occupation: Lawyer, financial executive.
Family: Wife, Beryl Ann "B. A." Longino; three children.
Religion: Presbyterian.
Political Career: Hidalgo County judge, 1946-48, U.S. House, 1948-55.
Capitol Office: 703 Hart Bldg. 20510, 224-5922.



In Washington: The chairman of the Senate Finance Committee, Bentsen may strike some observers as resembling a senior corporate executive more than a politician. He is all business, both in the way he operates and in the legislative goals he pursues.

There is a gray quality about Bentsen, and it comes not only from the elegant suits he wears and the silver in his hair, but from his record — midway between the poles on nearly any important issue — and his temperament.

Bentsen is not a dour or cheerless man, but he strikes people as aloof and rather formal. He seems happiest working within a structured environment similar to that of a corporation, where written memos are preferred to informal communications and lines of authority are clear.

Bentsen is not the kind of senator seen naturally slapping another on the back or trading funny stories. One would not pick him out of a crowd as a Texan, or a man who has spent more than 25 years in public office.

He has devoted much of his career in the Senate to promoting American business and trying to bring it back from the doldrums. While his most intense efforts in recent years have been directed toward aiding the hard-pressed domestic oil and gas industries, they are hardly his only interests; he can be expected as Finance chairman to be responsive to the needs of a wide range of businesses on tax and trade issues.

Bentsen laid out a long-term business agenda more than a decade ago, in his 1976 presidential campaign. Running on a platform of economic revival through tax cuts and reductions in the tax on capital gains, he put together a smooth campaign operation that functioned like an efficient medium-sized company. He attracted little public support, but his ideas

caught on: within five years, the basics of his proposals had become law, albeit under a Republican president.

Bentsen also combined business and politics successfully in 1984, when he headed the Senate Democrats' campaign committee. Using his business contacts and fund-raising ability, he presided over an operation that raised more than \$9 million during the two-year cycle and gave twice as much to the party's Senate candidates as the committee had ever given before. Despite President Reagan's landslide re-election, the party managed a credible showing, scoring a net gain of two seats and paving the way for its 1986 Senate takeover.

Bentsen's close business ties are not always without potential political costs, though, especially for a leader of the Democratic Party. There are liberals in Washington who like to watch Bentsen for signs that he is carrying his business loyalties too far. Sometimes he makes their job easy. Soon after taking over the Finance chairmanship, Bentsen informed lobbyists in the capital that they could purchase the right to have breakfast with him once a month for \$10,000. Even though his predecessor, Oregon Republican Bob Packwood, had done a similar thing on a smaller scale, the amount sought by Bentsen was so large — and the sale of access seemingly so blatant — that the idea provoked a flurry of criticism. Bentsen soon withdrew the idea.

To some cynical observers, Bentsen's relatively passive performance during action on the 1986 tax overhaul seemed like a calculated move to increase his influence if he became chairman. By sitting on the sidelines while all sorts of business breaks were stripped from the tax code, he created a host of opportunities to put new ones back in during the years to come.

There is no evidence that Bentsen was

Lloyd Bentsen, D-Texas

doing anything that devious. He left no doubts about his skepticism toward restructuring the tax system throughout the 99th Congress. The "so-called reform bill," he was calling the measure even after it became law. But Bentsen did not go all out to block the bill, despite his belief that the legislation could undermine long-range investment in the economy.

He fought hard to aid certain industries. Along with Oklahoma Democrat David L. Boren, he worked successfully to preserve benefits for the oil and gas industry. He had less success in protecting real estate investors from the bill's crackdown on "passive loss" tax shelters. Even then, however, he did not give up easily; he was still trying to soften the anti-tax shelter provisions during the conference on the bill.

Bentsen's tax-revision efforts on behalf of the oil and gas industries — particularly the independent producers — sounded a familiar theme that has run through his career. During the original debate in 1979 and 1980 over a windfall profits tax on the oil industry, Bentsen's first priority was a full exemption for the smaller independent producers. That passed the Senate, but did not end up in the final law. Still, Bentsen and his allies did manage to keep the tax on smaller producers lower than the basic rate.

Earlier in his Senate career, Bentsen made repeated efforts to deregulate the price of natural gas. He managed to get a deregulation amendment through the Senate in 1975, on a 50-41 vote, but that language never passed the House. In 1977 he persuaded the Senate to add gas deregulation to President Carter's energy package, but the House did not include it, and when a conference committee compromised on gradual deregulation over seven years, Bentsen voted against the conference report.

If Bentsen decides to wait a while before tackling the tax code again, he can always keep his committee busy by working on trade legislation. He is sure to be a key player as Congress considers legislation aimed at reducing the massive foreign-trade deficit and improving the ability of U.S. producers to compete on world markets.

Bentsen's middle-of-the-road approach to trade issues may represent the views of a broad cross-section of American business. The United States has allowed itself to be taken advantage of by its foreign competitors, he feels, and needs to take a stronger stand against unfair trading practices by other countries. But he also seems wary of the kind of protectionist trade war that some of the more hard-line trade proposals might unleash.

Bentsen joined in 1981 with Missouri Re-

publican John C. Danforth to limit the number of Japanese cars allowed to enter the United States. He later dropped his bill, however, after the Japanese agreed to voluntary restraints. In 1984, he backed legislation to provide a stronger retaliation against unfair trading practices, sponsoring language to allow American companies to file petitions against alleged unfair foreign trade practices without revealing their own trade secrets.

Bentsen got out in front of the surge of tough trade sentiment in 1985, joining with key House Democrats to sponsor a bill threatening a 25 percent surcharge on imports from Japan and other key trading partners. When support for that idea faded, he helped develop a Senate Democratic trade proposal that stressed strengthening of the procedures for setting trade policy.

Although partisan differences and opposition from the Reagan administration kept that and other trade legislation from moving through the Finance panel in the 99th Congress, it helped lay the groundwork for the omnibus trade package Bentsen introduced in 1987. Enjoying broad bipartisan support in its initial stages, the measure stressed retaliation against unfair trading practices, additional help for workers and business hurt by foreign competition and increased congressional authority in trade matters.

Bentsen generally plays a less prominent role on the Environment and Public Works Committee. He had a chance for the chairmanship of the important Environmental Pollution Subcommittee, vacated in 1980 when Edmund S. Muskie left to become secretary of state, but did not try for it.

Until 1981, however, Bentsen was chairman of the Environment and Public Works Subcommittee on Transportation. In that capacity, he worked on the complex formulas that govern distribution of money from the Highway Trust Fund. In the early 1970s, he allied himself with highway users against attempts to break off trust fund money for mass transit. But he voted for the 1982 gas tax bill, which diverted trust funds for mass transit, after working to ensure that money was available for Houston and other cities with new systems.

Seeking to score for Texas on another environmental front in 1983, Bentsen led the congressional opposition to Section 404 of the Clean Water Act that has served to block development of the nation's wetlands. Responding to the state's oil and gas industries and to farmers, Bentsen sought to loosen up the tough wetlands restrictions that required permits for drilling, dredging and filling. De-

Texas - Senior Senator

spite the large numbers of legislators who were against the regulations, no action was taken.

Bentsen also played a major role in creating the expanded "superfund" hazardous waste cleanup program approved by Congress in 1980. His chief goal was to protect the oil industry from having to bear the brunt of the new taxes that were needed to finance the enlarged program. He succeeded to a great extent by winning passage of a broad-based tax on corporate earnings as the main revenue source.

He was even able to use the superfund tax to impose a small-scale version of an oil-import fee — something he thinks is essential to preserving the domestic oil industry. The legislation as passed mandated higher charges on imported than on domestic oil.

At Home: Bentsen is part of the Texas Democratic establishment that included Lyndon B. Johnson and John B. Connally, but his route into it was unique. He was elected to Congress at 27 from a rural district in South Texas, retired after three terms, moved to Houston, made a fortune in insurance, then re-emerged in politics 15 years later as a conservative Democratic candidate for the Senate.

The Bentsen family, which is of Danish stock, has been among the conservative gentry of the lower Rio Grande Valley for most of this century. The senator's father, Lloyd Sr., was known as "Big Lloyd" around their hometown of McAllen, where he became a millionaire landowner and gave his son a lift into local politics.

Returning home from World War II, in which he had flown bombers over Europe, the younger Bentsen was elected judge in Hidalgo County at age 25. In 1948, taking advantage of family money and connections among the small group of Anglo Democrats that controlled politics in his heavily Hispanic South Texas district, he became the youngest member of the U.S. House.

As a representative, Bentsen pleased Texas conservatives with his hard-line anti-communism. In 1950 he advocated ending the Korean War by using the atomic bomb. He represented a one-party district and was politically secure; after his first primary, he faced no opposition at all.

But by 1954, the House did not seem as attractive to Bentsen as a career in the upper echelons of the Houston business community. He retired from Congress at the age of 33 and became president of Lincoln Consolidated, a holding company. By the time Bentsen was ready for politics again in 1970, he was a millionaire.

Bentsen ran on the Democratic right in 1970 as primary challenger to veteran Sen. Ralph Yarborough, the East Texas populist who had been an enemy to the conservative wing of the party for years.

Bentsen ran against both Yarborough and the national Democratic Party. When Democratic Sens. Edmund S. Muskie of Maine and Harold Hughes of Iowa came to Texas to campaign for Yarborough, Bentsen labeled them "ultraliberal" outsiders. He ran television commercials linking Yarborough to violent anti-war protests and said the senator's vote against the Supreme Court nomination of G. Harrold Carswell showed he was anti-Southern.

Yarborough punched back by attacking Bentsen and his allies as "fat cats" and "reactionaries." Emphasizing his role in passing Great Society legislation, Yarborough campaigned hard to put together his old populist coalition of blacks, Hispanics, union members and rural East Texans. It was not enough to stop Bentsen, who won with almost 100,000 votes to spare.

After the primary, Bentsen moved to the center against GOP nominee George Bush, then a Houston representative. The Bush-Bentsen campaign, a battle between a Houston insurance millionaire and a Houston oil millionaire, was gentle by comparison with the primary. There was little to argue about.

In the end, that helped Bentsen. He continued to promote the conservative image he had fostered in the spring, but campaigned against President Nixon's economic policies in the hope of winning back as many Yarborough supporters as possible. Texas was still unquestionably a Democratic state in 1970 and, given a choice between two conservatives, a majority of voters preferred the Democrat.

When Bentsen won, Nixon tried to claim the outcome as a "philosophical victory" for the Republican administration. But things did not work out that way. Over the next few years, Bentsen sought to moderate his image, looking toward a presidential campaign in 1976. Some of that moderation, such as his vote in favor of common-site picketing in 1975, outraged his more conservative 1970 supporters.

The result was a Democratic primary challenge in 1976 from Texas A&M economist Phil Gramm. Gramm accused Bentsen of abandoning his conservative heritage in a vain bid for national office. Bentsen retained the loyalty of the party establishment and beat Gramm by more than 2-to-1, but the challenger drew over 400,000 votes (Gramm went on to become an influential member of the House, and won election to the Senate in 1984).

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Meanwhile, Bentsen was seeking the Democratic presidential nomination, calling himself a "Harry Truman Democrat" and hoping to establish a base of support in an early Southern primary. It was a waste of effort. The combined opposition of Jimmy Carter and George C. Wallace limited Bentsen to only six delegates in his own home state, and Bentsen quickly dropped out of national politics to concentrate on his fall campaign against Republican Rep. Alan Steelman.

That campaign turned out to be easy. Steelman reversed Gramm's strategy, hoping to woo Yarborough liberals by calling Bentsen the captive of special interests. But Steelman ended up without a firm base in his own party, and he never had the money to compete with Bentsen on an equal footing. Bentsen had a mailing list of 700,000 names and an organization in each of the state's counties. He defeated Steelman easily.

In 1982 Bentsen brushed aside Republican Rep. James M. Collins, who crusaded tirelessly across Texas trying to persuade voters to unseat "Liberal Lloyd."

Collins had difficulty providing specifics to document his portrayal of Bentsen as a liberal. He faulted the senator's votes to increase the national debt and to approve the Panama Canal treaties, but those examples won Collins few converts from the Democratic Party.

Bentsen paid little attention to Collins. When he did he told voters they were being offered a choice between "effectiveness and incompetence." He criticized Collins for not passing a single piece of legislation during his 14 years as the occupant of a safe House seat in Dallas. To counter negative advertising by Collins and the National Conservative Political Action Committee, Bentsen talked about unemployment, Social Security and other issues on which the Republican Party was vulnerable.

Collins did put together a well-organized campaign network that mobilized the hard-core conservative vote. He won 41 percent, but Bentsen's 1.8 million votes led the statewide ticket to a smashing victory as the party captured the governorship, retained all its U.S. House seats and picked up all three newly created districts.

Committees

Finance (Chairman)
Health, International Trade, Private Retirement Plans and Oversight of the Internal Revenue Service

Commerce, Science and Transportation (8th of 11 Democrats)
Foreign Commerce and Tourism, Merchant Marine, Science, Technology and Space, National Ocean Policy Study.

Select Intelligence (2nd of 8 Democrats)

Joint Economic
Economic Growth, Trade and Taxes (chairman), Economic Goals and Intergovernmental Policy, Education and Health.

Joint Taxation (Vice Chairman)

Elections

1982 General

Lloyd Bentsen (D)	1,818,223	(59%)
James Collins (R)	1,256,759	(41%)

1982 Primary

Lloyd Bentsen (D)	987,153	(78%)
Joe Sullivan (D)	276,314	(22%)

Previous Winning Percentages: 1976 (57%) 1970 (54%)
1952* (100%) 1950* (100%) 1948† (100%)

* House elections

† Elected to a full House term and to fill a vacancy at the same time

Campaign Finance

	Receipts	Receipts from PACs	Expenditures
1982			
Bentsen (D)	\$4,520,553	\$800,443 (18%)	\$4,971,342
Collins (R)	\$4,138,743	\$117,182 (3%)	\$4,138,736

Voting Studies

Year	Presidential Support		Party Unity		Conservative Coalition	
	S	O	S	O	S	O
1986	60	37	46	50	87	9
1985	50	46	54	40	75	23
1984	52	34	46	28	53	17
1983	51	45	63	31	64	34
1982	61	33	54	41	88	10
1981	70	24	55	42	83	11

S = Support

O = Opposition

Key Votes

Produce MX missiles (1985)	Y
Weaken gun control laws (1985)	Y
Reject school prayer (1985)	N
Limit textile imports (1985)	Y
Amend Constitution to require balanced budget (1986)	Y
Aid Nicaraguan contras (1986)	Y
Block chemical weapons production (1986)	Y
Impose sanctions on South Africa (1986)	Y

Interest Group Ratings

Year	ADA	ACU	AFL-CIO	CCUS
1986	45	50	33	68
1985	35	62	53	46
1984	55	25	67	46
1983	40	25	71	53
1982	40	74	75	70
1981	25	53	39	71